

BEEKS FINANCIAL CLOUD GROUP

SOFTWARE AND COMPUTER SERVICES

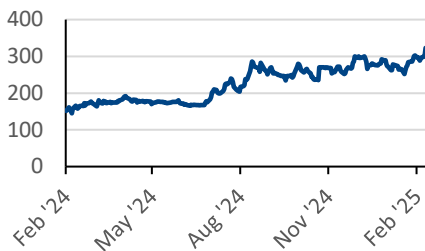
19 February 2025

BKS.L

323p

Market Cap: £212.9m

SHARE PRICE (p)



12m high/low

323p/145p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£6.6m (at 31/12/24)
Enterprise value	£206.3m
Index/market	AIM
Next news	Interims, 17 March
Shares in issue (m)	65.9
Chairman	William Meldrum
CEO	Gordon McArthur
CFO	Fraser McDonald

COMPANY DESCRIPTION

Beeks provides low-latency Infrastructure-as-a-Service (IaaS) for automated trading of financial products.

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BEEKS FINANCIAL CLOUD GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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Revenue soars 22% and another exchange deal: Viva Beeks

Today's H1 trading update flags 22% revenue growth, 31% growth in underlying PBT, £6.6m net cash and 'in line' for FY25. This follows the latest exchange contract (18 February) with the second largest exchange in Latin America, Grupo Bolsa Mexicana de Valores (BMV). The update and customer momentum: (i) confirms trading in line with FY expectations, (ii) illustrates Beeks' ability to sell globally, (iii) reinforces the 'moat' – BMV is the fourth Tier 1 Exchange client, and (iv) promises more. Beeks states there are 'advanced discussions taking place with other major exchanges across the globe'. Beeks CEO Gordon McArthur adds 'we have never been more confident in our ability to capture the opportunity ahead'. We leave estimates unchanged into results on 17 March. Our view is unchanged: Beeks is gaining from secular tailwinds (cloud adoption, compliance, data sovereignty, cybersecurity, sustainability, analytics, payment modernisation, AI in risk management etc), which have enabled it to carve out a moat as market leader in cloud infrastructure for financial markets and payments. Investors buy Beeks for long-term secular growth.

- Trading news.** H1 25 was in line with Board expectations. The headlines include a 22% increase in revenue to £15.8m, underlying PBT up 31% Y/Y to £1.8m. Net cash is £6.6m (31 December 2024), unchanged since June 2024. Operationally Beeks flagged the continued 'strong' Exchange Cloud momentum, citing the extension to the Johannesburg Exchange contract.
- The BMV contract.** The contract spans primary and disaster recovery sites, and goes live in H2 25. It was signed with Beeks' partner IPC (a leading provider of electronic trading solutions for the global financial markets), and marks a multi-year partnership between Beeks, IPC and BMV.
- Impact on forecasts.** The BMV contract value was not disclosed. We leave estimates unchanged as revenue recognition starts at delivery. Note that as a multi-year contract, there is a long tail of recurring revenue.
- Investment case precis.** Beeks is established, profitable and growing, with a global opportunity, robust moat, improving unit economics and (more) experienced management team. The IaaS is optimised for low-latency private cloud compute, connectivity and real-time analytics. Continued growth is predicated on customers migrating on-prem to cloud as they reconcile cloud's cost, agility and security advantages, as any residual performance, regulatory and data sovereignty concerns are addressed.

FYE JUN (£M)	2022	2023	2024	2025E	2026E
Revenue	18.3	22.4	28.5	38.5	44.5
Adj EBITDA	6.3	8.4	10.7	14.5	16.7
Fully Adj PBT	2.1	2.3	3.9	5.8	6.7
Fully Adj EPS (p)	4.5	4.0	6.4	7.3	8.4
EV/Sales (x)	11.3	9.2	7.2	5.4	4.6
EV/EBITDA (x)	32.7	24.5	19.2	14.2	12.3
PER (x)	71.9	81.6	50.8	44.5	38.5

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Financial Summary: Beeks Financial Cloud Group

Year end: June (£m unless shown)

	2022	2023	2024	2025E	2026E
PROFIT & LOSS					
Revenue	18.29	22.36	28.49	38.50	44.47
Adj EBITDA	6.31	8.42	10.73	14.51	16.72
Adj EBIT	2.36	3.27	3.79	6.08	7.06
Reported PBT	0.07	(0.65)	1.46	3.12	4.02
Fully Adj PBT	2.06	2.33	3.90	5.76	6.66
NOPAT	2.50	3.59	5.53	7.30	8.47
Reported EPS (p)	1.42	(0.13)	3.11	3.78	4.48
Fully Adj EPS (p)	4.49	3.96	6.36	7.26	8.39
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET					
Operating cash flow	4.61	7.12	9.83	12.21	14.47
Free Cash flow	(7.76)	(0.14)	3.27	3.17	5.29
FCF per share (p)	(11.78)	(0.20)	4.97	4.81	8.03
Acquisitions	0.00	0.00	0.00	0.00	0.00
Capex	(12.09)	(7.15)	(6.79)	(8.10)	(7.70)
Shares issued	14.76	0.00	0.00	0.00	0.00
Net cash flow	6.79	(2.33)	(0.76)	0.83	2.84
Overdrafts / borrowings	(2.30)	(3.42)	(1.12)	(1.12)	(1.12)
Cash & equivalents	10.16	7.84	7.70	8.53	11.37
Net (Debt)/Cash	7.86	4.41	6.58	7.41	10.25
NAV AND RETURNS					
Net asset value	30.76	32.79	37.50	42.90	49.70
NAV/share (p)	46.67	49.76	56.89	65.09	75.40
Net Tangible Asset Value	16.27	17.95	20.03	18.70	16.70
NTAV/share (p)	24.69	27.24	30.39	28.37	25.34
Average equity	22.26	31.77	35.14	40.20	46.30
Post-tax ROE (%)	9.2%	7.3%	11.1%	14.3%	14.4%
METRICS					
Revenue growth	N/A	22.2%	27.4%	35.1%	15.5%
Adj EBITDA growth	N/A	33.4%	27.4%	35.3%	15.2%
Adj EBIT growth	N/A	38.6%	16.1%	60.3%	16.1%
Adj PBT growth	N/A	13.3%	67.4%	47.8%	15.5%
Adj EPS growth	N/A	(11.8%)	60.6%	14.2%	15.5%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margin	12.9%	14.6%	13.3%	15.8%	15.9%
VALUATION					
EV/Sales (x)	11.3	9.2	7.2	5.4	4.6
EV/EBITDA (x)	32.7	24.5	19.2	14.2	12.3
EV/NOPAT (x)	82.6	57.4	37.3	28.3	24.3
PER (x)	71.9	81.6	50.8	44.5	38.5
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(3.6%)	(0.1%)	1.5%	1.5%	2.5%

Source: Company information and Progressive Equity Research estimates

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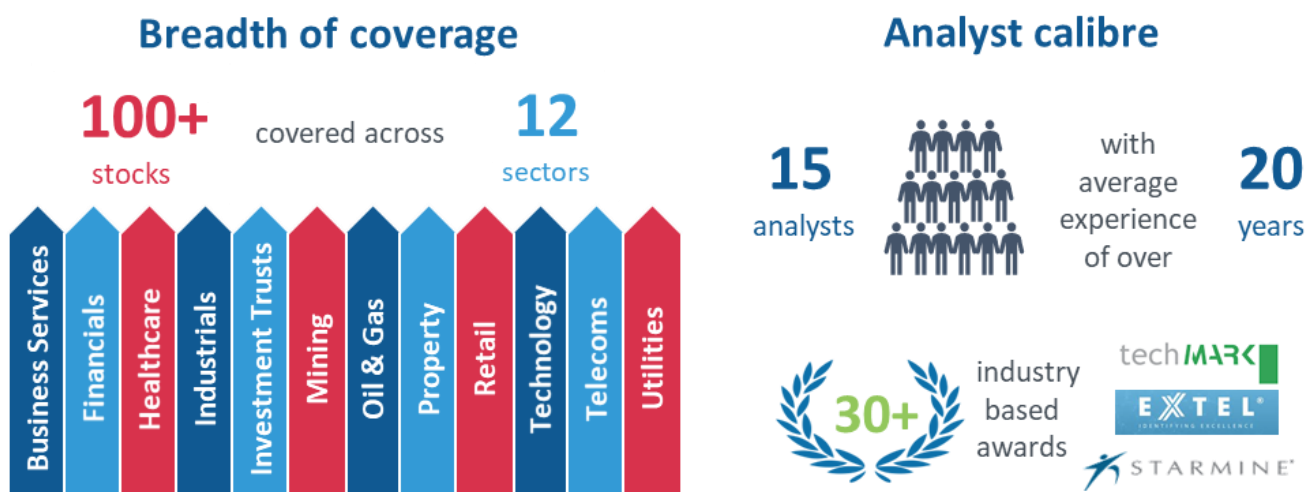
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